

Senate File 2083 - Introduced

SENATE FILE _____
BY HOGG

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to the achievement of improved energy efficiency
2 through the development of specified energy utilization
3 reduction goals and imposition or enhancement of energy
4 efficiency programs and requirements.
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:
6 TLSB 5928SS 82
7 rn/rj/14

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1 1 Section 1. Section 469.4, subsection 4, Code Supplement
1 2 2007, is amended by adding the following new paragraph:
1 3 NEW PARAGRAPH. m. Develop short-term and long-term
1 4 recommendations and oversee implementation efforts with regard
1 5 to the establishment of a goal of achieving an energy savings
1 6 of one and one-half percent per capita per year on a statewide
1 7 basis during the ten-year period commencing on July 1, 2011,
1 8 and ending June 30, 2021. Recommendations and implementation
1 9 strategies shall be developed during a three-year phase-in
1 10 period commencing on July 1, 2008, and ending June 30, 2011,
1 11 based upon input from and with the involvement of the utility
1 12 energy efficiency advisory council established in section
1 13 469.7A, and the transportation energy efficiency advisory
1 14 council established in section 469.7B, and any other state
1 15 agency or private industry representative or organization
1 16 determined appropriate by the director, and shall coordinate
1 17 with implementation of the energy savings standard established
1 18 for electric and natural gas utilities pursuant to section
1 19 476.6, subsection 23. A progress report regarding the extent
1 20 to which the goal has been achieved shall be included in the
1 21 director's annual report pursuant to section 469.3, subsection
1 22 2, paragraph "j".

1 23 Sec. 2. NEW SECTION. 469.7A UTILITY ENERGY EFFICIENCY
1 24 ADVISORY COUNCIL.

1 25 1. A utility energy efficiency advisory council is created
1 26 to make recommendations to the director regarding efforts and
1 27 strategies to achieve the state energy efficiency goal
1 28 established in section 469.4 as applicable to electric and gas
1 29 public utilities pursuant to section 476.6, subsection 23.

1 30 2. The utility energy efficiency advisory council shall
1 31 consist of all of the following members:

1 32 a. One member representing a rate-regulated gas or
1 33 electric public utility appointed by the director of the Iowa
1 34 utility association.

1 35 b. One member representing a rural electric cooperative
2 1 appointed by the director of the Iowa association of electric
2 2 cooperatives.

2 3 c. One member representing a municipal utility appointed
2 4 by the director of the Iowa association of municipal
2 5 utilities.

2 6 d. One member representing the department of natural
2 7 resources appointed by the director of the department of
2 8 natural resources.

2 9 e. One member representing the Iowa energy center
2 10 appointed by the director of the Iowa energy center.

2 11 f. One member representing the Iowa utilities board
2 12 appointed by the chairperson of the Iowa utilities board.

2 13 g. One member representing the department of public safety
2 14 appointed by the commissioner of public safety.

2 15 h. One member representing the Iowa league of cities
2 16 appointed by the president of the Iowa league of cities.

2 17 i. One member representing the Iowa state association of
2 18 counties appointed by the president of the Iowa state

2 19 association of counties.
2 20 j. One member representing the community colleges
2 21 appointed by the executive director of the Iowa association of
2 22 community college presidents.
2 23 k. One member representing the Iowa homebuilder's
2 24 association appointed by the president of the Iowa home=
2 25 builder's association.
2 26 l. One member representing the master builders of Iowa
2 27 appointed by the president of the master builders of Iowa.
2 28 m. One member representing the Iowa chapter of the
2 29 American institute of architects appointed by the president of
2 30 the Iowa chapter.
2 31 n. One member representing an environmental interest
2 32 association or group, designated by the director of the
2 33 department of natural resources.
2 34 o. One member representing a state or local official
2 35 responsible for enforcing energy efficiency-related provisions
3 1 contained in the state building code, appointed by the state
3 2 building code administrator.
3 3 p. One member representing engineers licensed pursuant to
3 4 chapter 542B, appointed by the chairperson of the engineering
3 5 and land surveying examining board.
3 6 3. The advisory council shall annually elect its own
3 7 chairperson from among the members of the council. A majority
3 8 of the members of the council constitutes a quorum.
3 9 4. The director of the office of energy independence shall
3 10 provide office space, staff assistance, and necessary supplies
3 11 and equipment to the advisory council. The director shall
3 12 budget moneys to pay the compensation expenses of the council.
3 13 Sec. 3. NEW SECTION. 469.7B TRANSPORTATION ENERGY
3 14 EFFICIENCY ADVISORY COUNCIL.
3 15 1. A transportation energy efficiency advisory council is
3 16 created to make recommendations to the director regarding
3 17 efforts and strategies to achieve the state energy efficiency
3 18 goal established in section 469.4 as applicable to state
3 19 transportation initiatives and regulation.
3 20 2. The transportation energy efficiency advisory council
3 21 shall consist of all of the following members:
3 22 a. One member representing the department of
3 23 transportation, appointed by the director of transportation.
3 24 b. One member representing the department of natural
3 25 resources, appointed by the director of the department of
3 26 natural resources.
3 27 c. One member representing the Iowa energy center
3 28 appointed by the director of the Iowa energy center.
3 29 d. One member representing the Iowa league of cities
3 30 appointed by the president of the Iowa league of cities.
3 31 e. One member representing the Iowa state association of
3 32 counties appointed by the president of the Iowa state
3 33 association of counties.
3 34 f. One member representing the Iowa automobile dealers
3 35 association appointed by the president of the Iowa automobile
4 1 dealers association.
4 2 g. One member representing the Iowa motor truck
4 3 association appointed by the president of the Iowa motor truck
4 4 association.
4 5 h. One member representing the Iowa renewable fuels
4 6 association, appointed by the president of the board of
4 7 directors of the Iowa renewable fuels association.
4 8 i. One member representing an association or group
4 9 comprised of railroad transportation officials or
4 10 organizations engaged in railroad transportation within this
4 11 state, appointed by the president or director of the
4 12 association or group.
4 13 j. One member representing an environmental interest
4 14 association or group, designated by the director of
4 15 transportation.
4 16 3. The advisory council shall annually elect its own
4 17 chairperson from among the members of the council. A majority
4 18 of the members of the council constitutes a quorum.
4 19 4. The director of the office of energy independence shall
4 20 provide office space, staff assistance, and necessary supplies
4 21 and equipment to the advisory council. The director shall
4 22 budget moneys to pay the compensation expenses of the council.
4 23 Sec. 4. Section 476.1A, unnumbered paragraph 2, Code 2007,
4 24 is amended by striking the unnumbered paragraph.
4 25 Sec. 5. Section 476.1B, subsection 2, Code 2007, is
4 26 amended by striking the subsection.
4 27 Sec. 6. Section 476.1C, unnumbered paragraph 2, Code 2007,
4 28 is amended to read as follows:
4 29 Gas public utilities having fewer than two thousand

4 30 customers shall be subject to the assessment of fees for the
4 31 support of the Iowa energy center created in section 266.39C
4 32 and the center for global and regional environmental research
4 33 created by the state board of regents and shall file energy
4 34 efficiency plans and energy efficiency results with the board.
4 35 The energy efficiency plans as a whole shall be

~~5 1 cost-effective. The board may waive all or part of the energy
5 2 efficiency filing requirements if the gas utility demonstrates
5 3 superior results with existing energy efficiency efforts.~~

5 4 Sec. 7. Section 476.6, subsection 14, Code Supplement
5 5 2007, is amended to read as follows:

5 6 14. ENERGY EFFICIENCY PLANS. Electric and gas public
5 7 utilities shall offer energy efficiency programs to their
5 8 customers through energy efficiency plans. An energy
5 9 efficiency plan as a whole shall be cost-effective. In
5 10 determining the cost-effectiveness of an energy efficiency
5 11 plan, the board shall apply the societal test, utility cost
5 12 test, rate-payer impact test, and participant test. Energy
5 13 efficiency programs for qualified low-income persons and for
5 14 tree planting programs, educational programs, and assessments
5 15 of consumers' needs for information to make effective choices
5 16 regarding energy use and energy efficiency need not be
5 17 cost-effective and shall not be considered in determining
5 18 cost-effectiveness of plans as a whole. The energy efficiency
5 19 programs in the plans may be provided by the utility or by a
5 20 contractor or agent of the utility. Programs offered pursuant
5 21 to this subsection by gas and electric utilities that are
5 22 required to be rate-regulated shall require board approval,
~~5 23 and shall be subject to minimum uniform program requirements
5 24 determined at the discretion of the board.~~

5 25 Sec. 8. Section 476.6, subsection 16, paragraph b, Code
5 26 Supplement 2007, is amended to read as follows:

5 27 b. A gas and electric utility required to be
5 28 rate-regulated under this chapter shall assess potential
5 29 energy and capacity savings available from actual and
5 30 projected customer usage by applying commercially available
5 31 technology and improved operating practices to energy-using
5 32 equipment and buildings. The utility shall also assess
5 33 projected energy demand for the succeeding twenty-year period,
5 34 options for meeting the projected demand through means other
5 35 than energy efficiency, cogeneration of electricity and
6 1 transmission improvements, and projected environmental impacts
6 2 during the period, including greenhouse gas emissions. The

6 3 utility shall submit the ~~assessment~~ assessments to the board.
6 4 Upon receipt of the ~~assessment~~ assessments, the board shall
6 5 consult with the department of natural resources to develop
6 6 specific capacity and energy savings performance standards for
6 7 each utility, subject to the one and one-half percent
6 8 projected use reduction requirements pursuant to subsection
6 9 23. The utility shall submit an energy efficiency plan which

6 10 shall include economically achievable programs designed to
6 11 attain these energy and capacity performance standards.

6 12 Sec. 9. Section 476.6, Code Supplement 2007, is amended by
6 13 adding the following new subsection:

6 14 NEW SUBSECTION. 23. ENERGY SAVINGS STANDARD == PROJECTED
6 15 USE REDUCTION REQUIREMENTS.

6 16 a. For the period commencing July 1, 2011, and ending June
6 17 30, 2021, all gas and electric utilities shall be subject to a
6 18 minimum capacity and energy savings performance standard of a
6 19 one and one-half percent annual reduction in projected energy
6 20 use based upon anticipated demand and population shifts within
6 21 the utility's service area. The board shall determine a date
6 22 by which each utility shall annually submit energy savings
6 23 results achieved during the preceding twelve months
6 24 documenting the extent to which the one and one-half percent
6 25 reduction standard has been met. Application of the reduction
6 26 standard shall be subject to the following requirements:

6 27 (1) A gas or electric utility required to be
6 28 rate-regulated under this chapter which documents a
6 29 kilowatt-hour or cubic foot energy usage reduction which
6 30 exceeds the level corresponding to the reduction standard by
6 31 more than one-tenth of one percent shall be entitled to
6 32 recover an additional one percent of the costs of its energy
6 33 efficiency plan through the automatic adjustment mechanism
6 34 under subsection 16, paragraph "e", for each one-tenth of one
6 35 percent by which the reduction standard is exceeded.

7 1 (2) All gas and electric utilities which document a
7 2 reduction which fails to meet the reduction standard by more
7 3 than one-tenth of one percent shall be subject to an
7 4 assessment imposed by the board. An electric utility shall be
7 5 assessed two cents for each kilowatt-hour of energy savings

7 6 achieved below the level corresponding to the reduction
7 7 standard, and a gas utility shall be subject to an assessment
7 8 of twenty cents for each hundred cubic feet of energy savings
7 9 achieved below the level corresponding to the reduction
7 10 standard. Amounts assessed shall be remitted to the board for
7 11 allocation to an independent energy efficiency administrator
7 12 selected by the board on a competitive basis to improve energy
7 13 efficiency in a manner established by the board by rule in the
7 14 service area of the utility.

7 15 (3) A gas or electric utility subject to an assessment
7 16 pursuant to subparagraph (2) may purchase energy savings
7 17 credits made available by a utility which has exceeded the
7 18 standard and avoid or reduce application of the assessment
7 19 otherwise imposed if the utility acquires an amount of credits
7 20 which, when added to the utility's energy savings for the
7 21 year, equals the energy reduction standard.

7 22 (4) A gas or electric utility which exceeds the reduction
7 23 standard may, in addition to or in lieu of the cost recovery
7 24 allowable pursuant to subparagraph (1), sell energy savings
7 25 credits pursuant to subparagraph (3) or retain the credits for
7 26 allocation toward the energy reduction standard in a
7 27 succeeding year. Credits which are sold shall not be counted
7 28 in qualifying for a cost recovery pursuant to subparagraph
7 29 (1).

7 30 (5) The board shall designate by rule qualifying energy
7 31 savings or reduction activities in forms other than that
7 32 primarily sold by a utility which may be counted toward
7 33 compliance with the reduction standard, including but not
7 34 limited to the promotion of customer-owned renewable energy or
7 35 plug-in hybrid electric motor vehicles, and may permit
8 1 allocation of energy efficiency expenditures that do not have
8 2 a demonstrated cost-effectiveness if the board determines the
8 3 expenditures contribute to achievement of the standard. The
8 4 board may allocate additional weighting to energy efficiency
8 5 programs for qualified low-income persons in achieving the
8 6 reduction standard.

8 7 b. Implementation strategies and progress reports
8 8 regarding plans for achieving the reduction standard shall be
8 9 developed by gas and electric utilities and annually submitted
8 10 to the board during a three-year phase-in period commencing
8 11 July 1, 2008, and ending June 30, 2011. The board shall
8 12 determine for each utility reduction standards during the
8 13 phase-in period. A gas or electric utility which exceeds the
8 14 applicable phase-in period reduction standard may retain
8 15 excess credits for allocation toward the energy reduction
8 16 standard in a succeeding year.

8 17 Sec. 10. NEW SECTION. 476.8A ENERGY EFFICIENCY PROGRAM
8 18 THIRD-PARTY ADMINISTRATION == PILOT PROJECT.

8 19 The board shall conduct a pilot project regarding
8 20 third-party administration of energy efficiency plans and
8 21 programs established by one or more rate-regulated electric
8 22 and gas public utilities pursuant to section 476.6,
8 23 subsections 14 and 16, and by one or more non-rate-regulated
8 24 gas and electric public utilities pursuant to sections 476.1A,
8 25 476.1B, and 476.1C. The project may involve energy efficiency
8 26 programs provided by a utility selected by the board which are
8 27 already being provided by a contractor, agent, or other
8 28 third-party administrator, or pursuant to a new contract with
8 29 an administrator approved by or selected in consultation with
8 30 the board. The board shall analyze the extent to which
8 31 programs offered pursuant to the plans are utilized by
8 32 customers and energy efficiency results achieved in comparison
8 33 with plans and programs administered directly by utilities,
8 34 and submit a report relating to the project and
8 35 recommendations resulting therefrom to the director of the
9 1 office of energy independence and the general assembly by
9 2 January 1, 2011.

9 3 Sec. 11. LOAD MANAGEMENT ANALYSIS AND REPORT. The Iowa
9 4 utilities board, in conjunction with the office of consumer
9 5 advocate, shall assess the effectiveness of load management
9 6 practices and approaches currently employed by public
9 7 utilities in this state, including the accuracy of load demand
9 8 projections in comparison to actual usage and the extent to
9 9 which peak-load management procedures established by utilities
9 10 pursuant to section 476.17 are effective in reducing or
9 11 limiting peak-load period energy demand and consumption. The
9 12 board shall submit a report summarizing the results of its
9 13 analysis and containing recommendations to the director of the
9 14 office of energy independence and the general assembly by
9 15 January 1, 2009.

9 16 Sec. 12. ENERGY EFFICIENCY PROGRAMS == ECONOMIC IMPACT

9 17 ASSESSMENT. The Iowa utilities board shall assess the
9 18 economic impact of energy efficiency programs offered by
9 19 rate-regulated electric and gas public utilities pursuant to
9 20 section 476.6, subsections 14 and 16, and by
9 21 non-rate-regulated gas and electric public utilities pursuant
9 22 to sections 476.1A, 476.1B, and 476.1C during the five-year
9 23 period preceding July 1, 2008. The assessment shall include
9 24 but not be limited to the origination of economic development
9 25 opportunities and associated new job creation directly or
9 26 indirectly attributable to implementation of an energy
9 27 efficiency program or plan. The board shall submit a report
9 28 summarizing the results of the assessment to the director of
9 29 the office of energy independence and the general assembly by
9 30 January 1, 2009.

9 31 EXPLANATION

9 32 This bill relates to improving and enhancing energy
9 33 efficiency efforts in this state.

9 34 The bill provides for the establishment of a goal of
9 35 achieving a statewide energy savings of 1.5 percent per capita
10 1 per year during the 10-year period commencing on July 1, 2011,
10 2 and ending June 30, 2021, preceded by a three-year phase-in
10 3 period during which strategies and recommendations regarding
10 4 implementation of the goal are to be developed. The
10 5 recommendations and strategies are to be coordinated and
10 6 overseen by the director of the office of energy independence,
10 7 based upon input received from two new advisory councils
10 8 formed to make energy savings recommendations applicable to
10 9 electric and gas public utilities, and applicable to state
10 10 transportation initiatives and regulation, respectively, as
10 11 well as with the involvement of any other state agency or
10 12 private industry representative or organization determined
10 13 appropriate by the director. A report regarding progress made
10 14 in achieving the goal shall be included in the director's
10 15 annual report to the governor and general assembly.

10 16 In connection with the new statewide energy savings goal,
10 17 the bill modifies provisions relating to energy efficiency
10 18 program requirements applicable to rate-regulated and
10 19 non-rate-regulated gas and electric public utilities. The
10 20 bill provides that energy efficiency plans submitted by
10 21 rate-regulated gas and electric utilities shall be subject to
10 22 minimum requirements established at the discretion of the
10 23 board. The bill deletes a provision which had exempted
10 24 non-rate-regulated gas and electric utilities from filing
10 25 requirements if the utility demonstrated superior results with
10 26 existing energy efficiency efforts. The bill additionally
10 27 requires rate-regulated gas and electric utilities to annually
10 28 assess projected energy demand over a 20-year period, options
10 29 for meeting the projected demand through means other than
10 30 energy efficiency, cogeneration of electricity and
10 31 transmission improvements, and projected environmental impacts
10 32 during the period, including greenhouse gas emissions, and to
10 33 submit the assessments to the board for approval. Existing
10 34 provisions relating to board consultation with the department
10 35 of natural resources to develop specific capacity and energy
11 1 savings performance standards for each utility would now be
11 2 subject to a 1.5 percent projected use reduction requirement.

11 3 The bill specifies that this 1.5 percent projected use
11 4 reduction requirement shall be applicable to all gas and
11 5 electric utilities commencing July 1, 2011, and ending June
11 6 30, 2021. During this period, capacity and energy savings
11 7 performance standards for each utility shall be subject to a
11 8 minimum reduction standard of a 1.5 percent annual reduction
11 9 in projected energy use based upon anticipated demand and
11 10 population shifts within the utility's service area. The bill
11 11 provides that the board shall determine a date by which each
11 12 utility shall annually submit energy savings results achieved
11 13 during the preceding 12 months documenting the extent to which
11 14 the 1.5 percent reduction standard has been met. Provisions
11 15 are included relating to permitting additional energy
11 16 efficiency plan cost recovery for rate-regulated gas and
11 17 electric utilities which exceed the reduction standard by
11 18 specified amounts, assessments against all gas and electric
11 19 utilities which fail to meet the reduction standards by
11 20 specified amounts, selling of excess energy credits above the
11 21 reduction standard to utilities otherwise subject to
11 22 assessment, retention of excess energy credits for allocation
11 23 to a future year's reduction standard, designation of
11 24 qualifying energy savings or reduction activities in forms
11 25 other than that primarily sold by a utility which may be
11 26 counted toward compliance with the reduction standard, and
11 27 allocation of additional weighting for energy efficiency

11 28 programs for qualified low-income persons. Gas and electric
11 29 utilities are required to develop implementation strategies
11 30 and progress reports regarding plans for achieving the
11 31 reduction standard during a three-year phase-in period
11 32 commencing July 1, 2008, and ending June 30, 2011, with the
11 33 board determining reduction standards applicable during that
11 34 time frame.

11 35 The bill requires the board to administer a pilot project
12 1 regarding third-party administration of energy efficiency
12 2 plans and programs established by one or more rate-regulated
12 3 gas and electric utilities and one or more non-rate-regulated
12 4 gas and electric utilities, to assess the effectiveness of
12 5 load management practices and approaches currently employed by
12 6 gas and electric utilities, and to assess the economic impact
12 7 of energy efficiency programs which have been offered by
12 8 rate-regulated and non-rate-regulated gas and electric
12 9 utilities during the five-year period preceding July 1, 2008.
12 10 LSB 5928SS 82
12 11 rn/rj/14